

July 1, 2010

Dear Sir or Madam:

RE: Request for Proposal (RFP) to Purchase Electric Default Service Supplies

UGI Utilities – Electric Division (“UGI”) is seeking electric supplies to serve a portion of its Default Service requirements. The Request for Proposals (“RFP”) and bidding details are attached hereto.

On July 17, 2008 the Pennsylvania Public Utility Commission (“PUC”) approved UGI’s petition for a Default Service Supply Plan in Docket No. P-2008-2022931 which became effective January 1, 2010. This plan established the mechanism by which UGI would acquire supplies for its customers that are not being served by an alternate generation supplier and conforms to new regulations that were published by the PUC in 2007. UGI’s plan approved by the PUC utilizes a competitive solicitation process to secure these supplies. Therefore, UGI is issuing this RFP requesting bids on certain quantities of energy as specified in the RFP. All acquisitions made through RFP’s will be monitored by a third party, Pace Global Energy Services, LLC (“Pace”), to ensure a fair and unbiased process.

#### **RFP Schedule**

July 1, 2010	Notice of RFP sent to potential suppliers
July 13, 2010 (2:00 p.m. E.T.)	RFP Conference Call with all interested parties Call-in Number – 800-827-3104 Code – 6986216546
July 20, 2010 (4:00 p.m. E.T.)	Notice of intent to submit bids due. E-mail notice to <a href="mailto:ugirfp@ugi.com">ugirfp@ugi.com</a>
July 22, 2010 (10:00 a.m. E.T.)	RFP responses due to UGI/Pace
July 22, 2010 (4:00 p.m. E.T.)	Winning bidders selected by UGI, verified by Pace and verbally notified by UGI of bid status
July 22, 2010 (12:00 p.m. E.T.)	Results of auction sent to Pennsylvania PUC
July 23, 2010	Pennsylvania PUC approves results of RFP
July 23, 2010 Close of Business	UGI verbally notifies winning bidders

Responses to this RFP will be submitted through e-mail to [ugirfp@ugi.com](mailto:ugirfp@ugi.com). Questions pertaining to this RFP can also be sent to the email up to 12:00 p.m. on July 19, 2010. Questions and Responses will be posted on UGI’s website which can be found at <http://www.ugi.com/electric/wholesale/faq.html>.

Through this e-mail address, both UGI and Pace will receive your bid and will independently evaluate the responses and determine the winning bidders. Once the winning bidders are determined, the results must be forwarded to the PUC, which will

either accept or reject the winning bids. UGI will also notify winning bidders of their tentative selection as a winning bidder. Therefore, all bids must remain open until the end of the business day following submission. While UGI cannot dictate a timeline to the PUC, it is hoped the PUC will approve the results of the RFP within 24 hours of the bid deadline. The PUC regulations state that it will issue its decision within one business day. Immediately following the PUC's decision, UGI will then contact the winning bidders by telephone to confirm the transaction(s). Confirmation agreements will then be exchanged to finalize the transaction.

In order to have bids considered, there must be a fully executed EEI or ISDA contract in place with UGI. The basic framework of the contract as set forth in UGI's filing is available on the [website](#). UGI has filed a petition with the PUC under [Docket No. P-2010-2184286](#) to in part revise the credit requirements. It is expected that the PUC will make a decision on this change by July 15, 2010.

The criterion for selecting a winning bid is price. Under the original settlement no supplier can supply more than 33% of supplies during a supply period. UGI has since filed for a waiver of this limitation in an effort to increase participation. This decision is also expected by July 15, 2010. In the event of identical winning bids, UGI will select the supplier that is providing the least amount of energy during the applicable supply period. If this does not determine a winning bid, the winning bidder will be determined randomly by Pace.

Very truly yours,

Ayana Wood  
Power Supply Analyst